

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

USDC SDNY
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SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

AMERICAN INTERNATIONAL GROUP, INC.,

Defendant.

06 Civ. 1000 (LAP)
ECF CASE

**ORDER AUTHORIZING THE CREATION OF A FAIR FUND
AND APPOINTING A DISTRIBUTION AGENT**

The Court, having reviewed the Unopposed Motion by Plaintiff Securities and Exchange Commission for Creation of a Fair Fund and Appointment of a Distribution Agent, and for good cause shown, it is hereby:

ORDERED that the U.S. Securities and Exchange Commission ("Commission") is authorized to establish a Fair Fund in accordance with Section 308(a) of the Sarbanes-Oxley Act, so that the civil penalty imposed by the Court may be added to and become part of the disgorgement fund for the benefit of investors harmed by the violations alleged in the Commission's Complaint.

IT IS FURTHER ORDERED that Kenneth R. Feinberg, Esq. is appointed Distribution Agent with the following powers and duties:

1. To perform such functions as are necessary to design and implement a plan of distribution for the Fair Fund (the "Plan of Distribution") pursuant to which monies in the Fair Fund, minus any appropriate expenses incurred in establishing, maintaining, and distributing the Fair Fund, including but not limited to, administrative fees, taxes, or other costs, shall be distributed to victims of the violations alleged in the

Complaint in this case. The Plan of Distribution should incorporate the suggestions of the Commission. The Commission shall file an application seeking an order approving the proposed Plan of Distribution, and the Distribution Agent may join in such an application.

2. The Distribution Agent may retain any such persons and entities as are necessary to carry out his duties, including, but not limited to, accountants, economists, attorneys or other experts, and programming, technical, administrative, and clerical staff, to assist in the development of the Plan of Distribution and the processing of the claims. The Distribution Agent will take affirmative steps to insure that any such persons and entities remain free of conflicts of interest that could keep them from fully and properly exercising their duties.

3. The Distribution Agent shall be paid reasonable fees and expenses for his services and such fees and expenses shall be paid from the Fair Fund upon further orders of the Court. Every thirty (30) days commencing from the date of entry of this Order, the Distribution Agent may file an application seeking an order authorizing payment of fees and expenses incurred in performing the tasks related to the design and implementation of the Plan of Distribution. The Distribution Agent shall give the Commission's counsel at least ten (10) business days notice of all applications to the Court for payment of fees and expenses and provide the Commission's counsel with all supporting documentation. If the Commission objects to any application by the Distribution Agent for payment of fees and expenses, the Commission shall file an opposition statement setting forth the basis for the Commission's opposition within five (5) business days after the Distribution Agent files the application with the Court.

4. The Distribution Agent may be removed *sua sponte* at any time by the Court or upon motion of the Commission and replaced with a successor. In the event the Distribution Agent decides to resign, he shall first give written notice to the Court and the Commission of his intention, and his resignation, if permitted by the Court, shall not be effective until the Court appoints a successor.

5. The Distribution Agent shall coordinate with the Court appointed Tax Administrator, Damasco & Associates LLP, to insure that the Fair Fund, a Qualified Settlement Fund ("QSF") under Section 468B(g) of the Internal Revenue Code, and related regulations, 26 C.F.R. §§ 1.468B-1 through 5, complies with all related legal and regulatory requirements, including but not limited to satisfying any reporting or withholding requirements imposed on distributions from the QSF.

6. The Distribution Agent and the Distribution Agent's designees, agents and assistants are excused from any requirement to post a bond, and shall not be liable to any person for their actions hereunder, except on a finding of misfeasance, gross negligence or reckless disregard of duty.

IT IS FURTHER ORDERED that the Distribution Agent shall file a progress report with the Court within ninety (90) days of his appointment, and shall file additional reports every ninety (90) days thereafter and a final report when his duties are completed. The Distribution Agent shall serve all his filings on counsel for the Commission and the Defendant.

SO ORDERED.

Dated: June 14, 2007
New York, New York


UNITED STATES DISTRICT JUDGE